

Decision No. 80448

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation on the Commission's
own motion into the operations,
rates, charges, fares and practices
of corporations or persons operating
airport limousine service.

Case No. 9162
(Filed December 15, 1970)

Handler, Baker & Greene, by Daniel W. Baker, Attorney
at Law, for National Executive Services, Inc.;
G. H. Barnhart, Jr., for Greyhound Lines - West;
B. Biggerstaff, Manager, for Associated Limousine
Operators; Thomas M. O'Connor, City Attorney, by
James B. Brasil, Deputy City Attorney, for City
and County of San Francisco; Robert R. Cimino,
Deputy City Attorney, for the City of San Jose;
Ray R. DeNoon and Jerome Smith, Attorney at Law,
for Golden Sedan Service, Inc.; George Hansen,
Deputy Director - Operations, for San Francisco
International Airport; Leonard G. Hardy and Jack B.
Woodall, for Independent Drivers Association;
Theo Karcher, for Airporttransit of California;
Robert Kingston, for King's Limo Service; William A.
Midgley, for Trans World Airlines; Tad Muraoka,
for IBM Corporation; Charles L. O'Connor and
David R. Pigott, Attorney at Law, for Yellow Cab
Company; Robert L. Pleines, Deputy County Counsel,
for County of Sacramento; Richard N. Salle, for
Airport Limousine Service; Roger Arnebergh, City
Attorney, by Ronald J. Einboden and Charles E.
Mattson, Deputy City Attorney, for the City of
Los Angeles; Louis Possner, for the City of Long
Beach; and William L. Ferdon, Attorney at Law,
for Airporter and Yellow Cab Company, interested
parties.
William C. Bricca, Attorney at Law, for the
Commission staff.

INTERIM OPINION AND ORDER

The Commission after considering the Examiner's Proposed Report and the Exceptions and Reply to Exceptions herein has by resolution recommended to the Legislature the adoption of the following changes to the Passenger Charter-party Carriers' Act:

A. Change Section 5401

Add "Except as provided in Section 5403, charges..."

B. Add New Section 5403

"The commission may, after hearing, authorize a charter-party carrier of passengers to charge individual fares for transportation to or from an airport in vehicles designed for carrying not more than eight persons, excluding the driver. The commission may establish minimum and maximum, or minimum or maximum, individual fares for such transportation. The commission may refuse to grant a charter-party carrier authorization to charge individual fares for transportation to or from an airport as provided herein if existing individual fare services are adequate to meet the public demand."

The consideration was additionally based on the following material:

"The central problem here is that there is an established need for small vehicle, regional, irregular route services. This need for whatever reasons is not met by locally regulated taxicabs. At least a portion of this need is for individual fare transportation. A carrier genuinely wishing to serve this need is placed in an unnatural dilemma. If he limits his territorial offering to make himself look like a passenger stage (Section 226, Pub. Util. Code), he may obtain the right to charge individual fares, but will have to forego service to prospective clients whose transportation is to or from areas outside of his authorized 'termini'. On the other hand, if he holds himself out to carry airport passengers to or from any area, he can only obtain charter authority which automatically forces him and his passengers to forego individual fares. Thus, a carrier is virtually compelled to render service only to a portion of his potential patronage if he wishes to operate fully in compliance with either statutory definition.

"The individual fare provisions (Section 5401, Pub. Util. Code; cf. also Penal Code Section 654.1 et. seq. and Section 1035, Pub. Util. Code) are obviously designed to protect passenger stage bus operations from competition by bus operators having lesser authority. However, in this field the limousine operators are not likely to give significant competition to a regular-route, scheduled airport bus operation. Section 5401 is thus an unneeded and unnecessary limitation on both the potential limousine passenger and the carrier.

"In the unlikely event that an airport limousine carrier should abuse the individual fare privilege by lowering his fares to compete with scheduled operations, minimum fare requirements would be imposed. The exercise of such powers will also enable the Commission to intervene to prevent destructive competition between limousine operators. A potential for destructive competition between individual fare limousine operators can also be avoided by refusing to issue new fare authorizations when the services of those already holding such special authority are adequate to meet the public demand.

"If such legislation were adopted, we would give preference to those carriers who now have passenger stage authority, for operations where the off-airport origin/destination is passenger-selected, providing of course such carriers are willing to surrender the inappropriate certificate for a charter permit.

"This legislation has the overwhelming advantage of placing all members of the industry within a single regulatory framework. Further, permit-style regulation is far more appropriate than full-scale public utility rate and service regulation for operations which are properly devoted to a luxury market."

This change would in effect be a ratification of our staff's present regulatory practice which treats individual fares as the material distinction between limousine operators, certificated as passenger stages, and those granted permits as charter carriers.

Since this recommendation would render moot many of the issues posed by the Proposed Report and Exceptions and Reply thereto, it appears appropriate to postpone further consideration.

Therefore, IT IS HEREBY ORDERED that further proceedings in the above-entitled proceeding are stayed until further order of the Commission.

The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 31st day of AUGUST, 1972.

Vernon L. Sturgis
President
William Sproule
[Signature]
[Signature]
Commissioners

Commissioner J. P. Vukasin, Jr., being necessarily absent, did not participate in the disposition of this proceeding.